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E.O. 12958: N/A

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SUBJECT: MCA BI-WEEKLY REPORT -- AUGUST 9, 2004

REF: YEREVAN 1641

1. (U) Sensitive but unclassified. Please protect accordingly.

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SUMMARY  
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2. (SBU) Various ministries, state agencies, NGOs, educational institutions, and individuals submitted a number of new MCA proposals as a result of the consultative process initiated by the Government of Armenia (GOAM) in June. The GOAM's MCA Board of Trustees (the Board) met July 19 and tasked GOAM ministries to discuss those MCA proposals related to their respective sectors and present a consensus-based unified proposal to the Ministry of Finance and Economy (MFE) by August 20, 2004. MFE is charged to then summarize the proposals and present them to the MCA Board of Trustees no later than September 20, 2004. The MFE plans to hold additional discussions with the authors of various proposals. The GOAM anticipates that the final proposal to the MCC will be in one or both of the following areas: investments in human capital (education, health and social sectors); and/or rural infrastructure (roads, irrigation, dam construction, etc.). Post obtained this information from GOAM MCA publications on its MCA website, and from remarks by MFE staff at a regular donor coordination meeting. End Summary.

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USAID CHAIRS DONOR MEETING ON MCA  
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3. (SBU) In response to high interest among the donor community on the government-initiated consultative process, USAID chaired a meeting on MCA in the framework of Yerevan's monthly donor-chaired coordination meetings. We invited representatives from the MFE, including Armen Hayrapetyan, Head of Poverty Reduction Strategy Paper (PRSP) Coordination and Monitoring Department, and Hovhannes Azizyan, PRSP Secretary, to make a presentation and take questions. The

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GOAM representatives stressed the Government's desire to link the MCA proposal to the PRSP, Armenia's approved strategy for poverty reduction and economic growth. (Note: The PRSP is a comprehensive document developed in broad consultations with the public and reflects GOAM priorities in different sectors. End Note.) This presentation generated a debate on preferable mechanisms for public participation and the GOAM's ability to assemble the first draft program given the already wide differences in the scope and scale of proposals. The necessity of broadening the public relations campaign and media coverage was also discussed.

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REGIONAL MEETINGS CONTINUE  
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4. (SBU) The PRSP Secretariat continues to hold MCA consultative meetings in regions throughout Armenia. Compared to the MCA meetings organized by Marz (regional) administrations, the Secretariat's meetings are conducted in an informal environment to stimulate discussion and encourage feedback from the public. Public response has been mixed: some have complained that the GOAM has a predetermined agenda limited to identifying alternative sectors for proposals, while others have expressed an interest in seeing a more detailed GOAM plan with sectoral analyses and a well-developed rationale for choices.

5. (SBU) MFE officials spoke about plans for August, which included meetings with five key NGO groups to further stimulate public involvement. Since public understanding of the MCA will take time, the GOAM anticipates that the peak for proposal submissions will occur in August-September, possibly overloading the MFE's review and selection process.



MEDIA INTEREST REMAINS LOW

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16. (SBU) Despite the GOAM's expectations, media coverage of the MCA process remains relatively low. (Note: Daily newspapers are currently on vacation. End Note.) Information about the MCA appears on public television and in some newspapers but media coverage is not widespread. The MOFE relies heavily on its website (<http://www.mfe.am/mfearweb/MCA/MCA.htm>) as outreach. The website (Armenian version) includes up-to-date information about MCA-related meetings and discussions, the status of proposals, and contact information. The English-language website (<http://www.mfe.am/mfeengweb/MCA/MCA.htm>) is still relatively basic, but the MFE has promised it will soon fill it with translation of items on the more complete Armenian-language website.

GODFREY